

**FredMeyer****Merchandise**

The following table lists merchandise that is eligible and not eligible for the associate discounts:

Merchandise Eligible for Discount	Merchandise Not Eligible for Discount
<p>Merchandise from the following divisions/departments:</p> <ul style="list-style-type: none"> <li>◆ Home</li> <li>◆ Jewelry</li> <li>◆ Home Electronics</li> <li>◆ Apparel</li> <li>◆ Nutrition</li> </ul>	<p>Merchandise from the following divisions/departments:</p> <ul style="list-style-type: none"> <li>◆ Food</li> <li>◆ Health and Beauty</li> <li>◆ Pharmacy</li> <li>◆ Fuel</li> <li>◆ Other: <ul style="list-style-type: none"> <li>• Fish and Game Licenses</li> <li>• Postage Stamps</li> <li>• Lottery Tickets</li> <li>• Money Orders</li> <li>• Gift Certificates</li> <li>• Ticket Master Tickets</li> <li>• Bus Passes</li> <li>• Alcohol/Tobacco Products</li> <li>• Special Order Merchandise (at cost plus 15 percent)</li> <li>• Merchandise discounted to meet a competitor's price</li> </ul> </li> </ul>

**FredMeyer**

**Fred Meyer****3.6 Vacations**

(3/04)

**Statement**

Because Fred Meyer recognizes the importance of vacation time for rest, recreation, and personal activities, the Company grants annual, paid vacations to employees. The amount of vacation to which employees are entitled depends on the following:

- ◆ Whether they have completed the minimum hours necessary to meet eligibility requirements
- ◆ Whether they are salaried or hourly
- ◆ Their length of service
- ◆ Their hours worked in the previous anniversary year
- ◆ Their labor agreements, if applicable

**Scope**

This policy applies to all Fred Meyer employees.

**Effective date**

This policy is effective immediately and supersedes any previous policies.

**Policy owner**

Route all policy questions and suggested updates to the Group Vice President, Human Resources.

**Violation of this policy**

Employees who violate this policy will be subject to disciplinary action up to and including termination.

**Hourly, full-time vacation allowance union and non-union**

The annual vacation allowance for hourly full-time employees varies, depending on the corporate vacation policy and labor agreements (if applicable).

For more information about vacation allowance, contact the location's payroll/personnel processing team.

**Fred Meyer****Hourly, part-time vacation allowance union and non-union**

Part-time employees may accrue vacation proportionate to full-time employees based on the number of hours worked during the previous anniversary year.

Refer to the salary rate schedule, union contract, or the location's payroll/personnel processing team for more information.

**Salaried employees and hourly management employees vacation allowance**

The annual vacation allowance for salaried employees and hourly management employees is as follows:

Years of Service as of Anniversary Date	Annual Vacation Allowance
1 through 4	2 weeks
5 through 11	3 weeks
12 through 19	4 weeks
20 or more	5 weeks

All but one week of vacation time should be scheduled in a weekly segment with a maximum of one week, (six days for salaried employees, five days for hourly management employees), to be taken a day or two at a time.

For more information about vacation allowance, contact the location's payroll/personnel processing team.

**Eligibility provisions**

The vacation year is defined as the 12-month period starting with the employee's date of hire and each subsequent employment anniversary date thereafter. Newly hired employees may take their first year's vacation only after completing twelve months of employment and working the minimum number of hours to qualify for vacation benefits.

Seasonal or temporary employees are not eligible for paid vacation benefits.

An employee promoted, demoted, or transferred to a position having a different vacation allowance begins accruing vacation hours on the basis of the vacation allowance for the new position.

A part-time employee changed to full-time status, or vice-versa, accrues vacation based on the total number of hours worked during the anniversary year.

**Fred Meyer****Vacation carry-over**

Salaried employees and hourly management employees may not carry over vacation time from year to year; however, employees are allowed six months past their anniversary dates to use their earned vacation before the time is lost. This liberal 18 month time period gives salaried employees and hourly management employees adequate time to schedule vacations.

Hourly employees may carry over vacation time from year to year; however, employees are encouraged to use their earned vacation time within the anniversary year.

**Banked vacation program**

(For salaried and hourly management employees.)

- ◆ Effective 1/1/2003, all employees eligible for a fifth week of vacation may elect annually to "bank" one week of their vacation.
- ◆ Banked vacations can only be paid in cash when an associate terminates employment or dies while in active service. Payment will be made at the pay level in effect at the time of termination or death.
- ◆ Eligible employees will be mailed a Banked Vacation Program Election form prior to the end of each calendar year. Please read it carefully. After making your election, please return to Ann Erickson in the Kroger West Human Resources Department (04002/22H).

**Pay in lieu of vacation**

Employees are required to take their earned vacation. No payments are made in lieu of taking vacation, except for earned unused vacation at the time of termination.

**Illness occurring during vacation**

An employee does not receive additional vacation time off because of illness or disability occurring while on vacation.

**Holiday within vacation period**

The following applies, if a designated holiday is observed during a vacation period:

- ◆ Salaried employees are eligible for additional time off at a later date.
- ◆ Hourly employees are eligible for additional time off with pay equal to the holiday time off for which the employee is eligible.



## Vacation scheduling

All vacations must be pre-approved by department managers, taking the following into consideration:

- ◆ Employee's length of service
- ◆ Staffing requirements
- ◆ Employee preferences

The approved vacation period is from December 25 through the second week of November with the exception of the weeks before the Memorial Day, Fourth of July, and Labor Day holidays, when the stores should have as many experienced employees on duty as possible. Exceptions may be made by department managers on a case-by-case basis.

## Vacation pay advances

Employees wishing to receive vacation pay in advance of a scheduled vacation should submit an *Advance Pay Request for Available Vacation* form (PR140) at least two weeks before the start of their scheduled vacations.

A minimum of one vacation week must be requested in order to receive a vacation pay advance. The advance is sent to the employee on the Friday before his or her vacation begins. Once an employee has received an advance, (s)he is required to take that amount of vacation time from work.

## Terminations

Depending on Company policy and/or the contractual provisions in the labor agreement, a terminated employee may be eligible for prorated vacation pay. Managers may contact Human Resources to help determine eligibility.



## 3.7 Severance Pay

(7/92)

### Statement

The following guidelines have been developed to identify the means by which unilateral, voluntary severance pay may, in selective situations, apply within the Company.

When managers believe that severance pay may be appropriate, they must review all proposed packages with their divisional manager and Human Resources before the packages are communicated to the affected employees.

Divisional managers are responsible for obtaining prior written approval from the Chairman of the Board before approving any severance package that deviates from the guidelines presented in this policy.

### Scope

This policy applies to all non-union Fred Meyer Stores employees.

*Severance pay guidelines for union employees are explained in their collective bargaining agreements.* Call Human Resources for more information regarding union contracts.

### Effective date

This policy is effective immediately and supersedes any previous policies.

### Policy owner

Route all policy questions and suggested updates to the Group Vice President, Human Resources.

### Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

# Fred Meyer

## Eligibility

When economic or competitive conditions make it necessary for Fred Meyer to discontinue the operation of a store, geographic area, or corporate department, the Company may, at its sole discretion, provide assistance to employees to ease their transition to other employment.

Employees who quit or are terminated for performance reasons or misconduct are not, under any circumstances, eligible for severance pay.

Assistance to a non-union employee may be provided if all the following conditions exist:

- ◆ The employee is a regular, full-time salaried or hourly employee with at least one year of service.
- ◆ The employee has held a job that was eliminated as a result of discontinued operations.
- ◆ The Company is not able to find similar employment for the employee elsewhere in the Company. If the Company offers the employee another position with no significant reduction in pay and no relocation required, the employee must accept the assignment or forfeit any severance pay.
- ◆ The employee remains with the Company until the last day of employment as designated by the Company. An employee who leaves before this date forfeits any severance pay. An employee may not work into the severance period; (s)he must stop working after the designated last day of employment.
- ◆ The employee signs a release from all future claims against the Company. Any employee who declines to do so forfeits any severance pay.

## Severance package

Severance packages may include any of the following pay types:

Pay Type	Explanation
Severance	Eligible employees receive one week severance pay for every two years of service up to a maximum of 13 weeks severance pay.
Vacation	Eligible employees receive payment for accrued vacation. Contact Human Resources to determine eligibility.
Stock Options	Stock options may be exercised up to 90 days following the last day of employment to the extent they are exercisable according to the terms of the option.

## **Fred Meyer**

### **3.8 Employee Relocation** (10/03)

#### **Statement**

Fred Meyer assists eligible employees with their moving expenses if a change in job location is required by Fred Meyer.

When applicable, the transferred employee will be thoroughly briefed by Executive Relocation on the relocation assistance available, the limits of reimbursement, and the other terms and conditions of this policy.

Fred Meyer reserves the right to change this policy as circumstances warrant and nothing contained herein shall be construed as a promise of continued employment.

#### **Scope**

The purpose of this policy is to provide uniform and equitable relocation benefits, which will enable transferring employees to secure housing at their new work location and sell their principal residence at the old location as quickly as possible with a minimum of financial hardship or inconvenience.

The objectives of a relocation policy are to:

- ♦ Lessen employee resistance to relocation and to help employees and their families through a generally difficult transitional period.
- ♦ Maximize individual and organizational productivity through effective mobilization of personnel.
- ♦ Keep employer / employee time and money expended on relocation within reasonable and documentation parameters.

#### **Effective date**

This policy is effective immediately and supersedes any previous policies.

#### **Policy owner**

Route all policy questions and suggested updates to the Group Vice President of Human Resources.



## Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

## Conditions of Eligibility

These requirements must be met:

- 1 Your move must be authorized by Fred Meyer for these benefits to apply.
- 2 Transfer between locations must be:
  - ◆ Permanent
  - ◆ Offered by Fred Meyer
  - ◆ Within the United States
- 3 Move completed within 12 months after the effective date of transfer
- 4 The distance between the employee's former residence and new place of work must be 50 miles or greater than the distance between the employee's former residence and former place of work.
- 5 The employee, the employee and spouse, or the employee and an immediate family member must own the property, which was the principal place of residence immediately prior to the transfer. Home is defined for the purpose of this policy as completed real estate used as year-round 1 or 2 family principal residence including condominiums and townhouses and excluding summer or second homes, mobile homes, excessive acreage adjacent to principal home.
- 6 Any full-time employee on a regular payroll of Fred Meyer.
- 7 Employees transferred under temporary assignment or at their own request are **not eligible** to participate in this plan.
- 8 Members of the employee's family who permanently live with employee and will relocate to employee's new location are eligible for assistance as outlined in this policy.
- 9 When applicable, employee must sign Employee Reimbursement Agreement and return it to Executive Relocation.

## Exceptions

Any changes or exceptions to this relocation policy require approval from the Group Vice President of Human Resources.

## **Fred Meyer**

### **Limitations**

In no event will Fred Meyer incur liability for actions of the employee beyond the scope and provisions of this policy without prior written approval.

### **Death of Employee**

If an employee dies while relocation benefits are in effect, Fred Meyer will continue to honor those provisions on behalf of the employee's spouse or beneficiaries as long as the spouse or beneficiaries continue to reside in the residence and location in which the policy provisions apply.

### **Eligibility**

For eligible positions and reimbursable benefits, refer to the following **Eligible Reimbursable Expense** tables:

# Fred Meyer

## Eligible Reimursable Expenses for Hourly and Salaried Non-Management Employees

Rental Assistance	<ul style="list-style-type: none"> <li>◆ Lease cancellation up to six months</li> </ul>
Home Marketing	<ul style="list-style-type: none"> <li>◆ Pre-Marketing services</li> <li>◆ Use Executive Relocation approved broker</li> </ul>
Home Finding	<ul style="list-style-type: none"> <li>◆ Employee &amp; Spouse, 1 trip, up to 6 days</li> <li>◆ Coach air plus rental car if needed</li> <li>◆ Personal car mileage at Company rate (see Corporate Policy 3.3)</li> <li>◆ Reasonable lodging and meal expenses</li> <li>◆ Childcare \$50/day maximum, if needed</li> </ul>
Temporary Living	<ul style="list-style-type: none"> <li>◆ Reasonable lodging and meals for up to 30 days</li> <li>◆ Rental car for up to 30 days, if needed</li> <li>◆ Airfare home (1 trip maximum)</li> <li>◆ If less than 250 miles, may drive home every weekend (4 trip maximum)</li> </ul>
Final Move	<ul style="list-style-type: none"> <li>◆ Air or drive most direct route</li> <li>◆ En Route expenses of lodging and meals</li> <li>◆ Interim living at new location with family for 15 days maximum, if unable to take possession of new home</li> </ul>
Shipment of Household Goods	<ul style="list-style-type: none"> <li>◆ U-Rent truck</li> <li>◆ Alaska moves include: <ul style="list-style-type: none"> <li>• Packing, transporting, from principal residence</li> <li>• Appliance hook up</li> <li>• Insurance</li> <li>• Temporary storage with prior approval, up to 60 days maximum</li> <li>• 3 cars allowed, driven, driver service, car carrier, or moving van</li> </ul> </li> </ul>
Incidental Expense Allowance	<ul style="list-style-type: none"> <li>◆ One period pay (4 weeks)</li> </ul>
Tax Gross Up	<ul style="list-style-type: none"> <li>◆ On all items included as compensation except Incidental Expense Allowance and Home Sale Bonus</li> </ul>



## Eligible Reimbursable Expenses for Store Department Managers and Assistant Managers

<b>Rental Assistance</b>	◆ Lease cancellation up to six months rent
<b>Home Marketing</b>	◆ Pre-marketing services ◆ Use Executive Relocation approved broker
<b>Home Sale</b>	◆ 50% of commission reimbursed
<b>Home Finding</b>	◆ Employee & Spouse, 2 trips, up to 6 days per trip ◆ Coach air plus rental car if needed ◆ Personal car mileage at Company rate (see Corporate Policy 3.3) ◆ Reasonable lodging and meal expenses ◆ Childcare \$50/day maximum, if needed
<b>Temporary Living</b>	◆ Reasonable lodging and meals for up to 60 days ◆ Rental car for up to 60 days, if needed ◆ Airfare home every other weekend (3 trips maximum) ◆ If less than 250 miles, may drive home every weekend (8 trip maximum)
<b>Final Move</b>	◆ Air or drive most direct route ◆ En Route expenses of lodging and meals ◆ Interim living at new location with family for 15 days maximum, if unable to take possession of new home
<b>Shipment of Household Goods</b>	◆ U-Rent truck ◆ Alaska moves include: <ul style="list-style-type: none"><li>• Packing, transporting, from principal residence</li><li>• Appliance hook up</li><li>• Insurance</li><li>• Temporary storage with prior approval, up to 60 days maximum</li><li>• 3 cars allowed, driven, driver service, car carrier, or moving van</li></ul>
<b>Incidental Expense Allowance</b>	◆ One period pay (4 weeks)
<b>Tax Gross Up</b>	◆ On all items included as compensation except Incidental Expense Allowance and Home Sale Bonus



## Eligible Reimbursable Expenses for Store Sales Directors and Pharmacists

Rental Assistance	◆ Lease cancellation up to six months rent
Home Marketing	◆ Pre-marketing services ◆ Use Executive Relocation approved broker
Home Sale	◆ No charge for Real Estate commission and closing costs if closed through Executive Relocation
Home Finding	◆ Employee & Spouse, 2 trips, up to 6 days per trip ◆ Coach air plus rental car if needed ◆ Personal car mileage at Company rate (see Corporate Policy 3.3) ◆ Reasonable lodging and meal expenses ◆ Childcare \$50/day maximum, if needed
Temporary Living	◆ Reasonable lodging and meals for up to 60 days ◆ Rental car for up to 60 days, if needed ◆ Airfare home every other weekend (3 trips maximum) ◆ If less than 250 miles, may drive home every weekend (8 trip maximum)
Final Move	◆ Air or drive most direct route ◆ En Route expenses of lodging and meals ◆ Interim living at new location with family for 15 days maximum, if unable to take possession of new home
Shipment of Household Goods	◆ Packing, transporting, from principal residence ◆ Appliance hook up ◆ Insurance ◆ Temporary storage with prior approval, up to 60 days maximum ◆ 3 cars allowed, driven, driver service, car carrier, or moving van
Incidental Expense Allowance	◆ One period pay (4 weeks)
Tax Gross Up	◆ On all items included as compensation except Incidental Expense Allowance and Home Sale Bonus



## Eligible Reimbursable Expenses for Management with Salary Grade Below Level 8

Rental Assistance	<ul style="list-style-type: none"> <li>◆ Lease cancellation up to six months rent</li> </ul>
Home Marketing	<ul style="list-style-type: none"> <li>◆ Pre-Marketing services</li> <li>◆ Use Executive Relocation approved broker</li> </ul>
Home Sale	<ul style="list-style-type: none"> <li>◆ 50% of commission reimbursed</li> </ul>
Home Finding	<ul style="list-style-type: none"> <li>◆ Employee &amp; Spouse, 2-trips, up to 6 days per trip</li> <li>◆ Coach air plus rental car if needed</li> <li>◆ Personal car mileage at Company rate (see Corporate Policy 3.3)</li> <li>◆ Reasonable lodging and meal expenses</li> <li>◆ Childcare \$50/day maximum, if needed</li> </ul>
Temporary Living	<ul style="list-style-type: none"> <li>◆ Reasonable lodging and meals for up to 60 days</li> <li>◆ Rental car for up to 60 days, if needed</li> <li>◆ Airfare home every other weekend (3 trips maximum)</li> <li>◆ If less than 250 miles, may drive home every weekend (8 trip maximum)</li> </ul>
Final Move	<ul style="list-style-type: none"> <li>◆ Air or drive most direct route</li> <li>◆ En Route expenses of lodging and meals</li> <li>◆ Interim living at new location with family for 15 days maximum, if unable to take possession of new home</li> </ul>
Shipment of Household Goods	<ul style="list-style-type: none"> <li>◆ Packing, transporting, from principal residence</li> <li>◆ Appliance hook up</li> <li>◆ Insurance</li> <li>◆ Temporary storage with prior approval, up to 60 days maximum</li> <li>◆ 3 cars allowed, driven, driver service, car carrier, or moving van</li> </ul>
Incidental Expense Allowance	<ul style="list-style-type: none"> <li>◆ One period pay (4 weeks)</li> </ul>
Tax Gross Up	<ul style="list-style-type: none"> <li>◆ On all items included as compensation except Incidental Expense Allowance and Home Sale Bonus</li> </ul>